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SUBJECT: ECUADOR ELECTIONS, ONE YEAR OUT

REF: Quito 2235

1. (SBU) Summary: Presidential and congressional elections are currently scheduled for October 2006, with a second round the following month. President Palacio's efforts to allow voters to decide by referendum between a constitutional or a special national assembly to make fundamental changes in institutions raises the possibility of additional electoral activity during the year, and there remains an outside chance that the regular 2006 elections could be moved forward. But for now, we are proceeding on the assumption that elections will be held as planned. Although Ecuador has a tradition of well-run elections, continuing political strains since the irregular change of government in April merit special international attention and assistance to assure free, fair, transparent and inclusive elections.

2. (SBU) In keeping with our democracy promotion strategy (RefTel) we have organized early to help target USG electoral assistance. Initial thoughts on how best to do so include:

- Monitor presidential campaigns for effects on USG interests, and build relationships with major presidential candidates and staffs;
- Focus USG pre-electoral assistance on promoting greater public awareness of congressional candidates and election issues;
- Promote participation by vulnerable groups and encourage candidates to focus on the interests of these groups;
- Support OAS observation of the elections, including with observation mission participation, while supporting local civic organizations with proven capacities to monitor and oversee the electoral process;
- Let the OAS take the lead on technical assistance to the electoral tribunal.

End Summary.

The Presidential Field

3. (SBU) Ecuador's political landscape is deeply fractured, and the rapid succession of political and economic crises of the last few years has left voters jaded and skeptical of the possibility for positive change. Most parties are dominated by a strong leader or small coterie. They are more pragmatic than ideological, seeking to advance their leaders' political or economic interests. Most parties have little internal democracy, a thin vertical structure, a narrow regional base, and relatively few active members. Unfortunately, given the current political situation, these conditions are unlikely to change before the 2006 election.

4. (U) Given the state of the political parties, the elections are likely to be focused more on personalities than issues. Ecuador's media are part of the problem, as they do little to help frame a positive agenda for the politicians or hold government officials accountable. Polls show that voters are most concerned about low wages and the cost of living, unemployment, crime and security, health and education. None of the parties or their leaders appear ideologically or politically inclined to champion the reforms needed to reduce corruption, increase competitiveness, create jobs, improve civilian-military relations or strengthen relations with the United States. Recent history shows that populist appeals to the poor and less educated majority is the best path toward election.

5. (SBU) Presidential candidates will not formally register until July, but already several have declared their intentions to seek party nominations. These are likely to include a clutch of coastal-based candidates, including independent former VP Leon Roldos (supported by the Socialist Party), Alvaro Noboa (PRIAN), Jaime Damerval (CFP), and the unnamed PSC and PRE candidates. In the highlands, in addition to the unnamed ID candidate, aspirants include Auki Tituana (Pachakutik) and populist former Finance Minister Rafael Correa (also seeking Pachakutik support). The nascent Bolivarian movement is likely to put up a candidate, or support Correa.

6. (SBU) Notably absent at this early stage of the race are

candidates for the two largest parties (PSC and ID). Both Guayaquil mayor Jaime Nebot (PSC) and Quito mayor Paco Moncayo (ID) are very popular in their cities, but publicly deny any intention to run in 2006. Around ten candidates are likely to enroll in the first round of presidential elections. Early polls show Roldos in front with 30% support, followed by Noboa, with 15%, but the selection of PSC and ID candidates is expected to alter the field considerably.

17. (SBU) A final wild card candidate worth mentioning is ex-president Lucio Gutierrez, currently incarcerated in Quito awaiting prosecution on charges of undermining Ecuador's national security. Gutierrez claims Congress' move to remove him was unconstitutional and that he should be permitted to seek the presidency in 2006. Gutierrez is likely to remain in jail until a new Supreme or Constitutional Court can rule on his case sometime in 2006. Although widely discredited with the middle classes and elites, his ability to re-ignite some measure of populist support cannot be entirely dismissed.

Electoral Timeline and Mechanics

18. (U) On July 16, 2006, the Supreme Electoral Tribunal (TSE) will officially convoke the elections for October 15. Candidates may register from July 16 through August 15. Advertising campaigns cannot begin until August 29 and all campaigning must stop on October 13. If, in this first round, no presidential candidate wins at least 40% of the vote with at least a ten-point lead over the next candidate, or more than 50% of the vote, then a run-off between the top two candidates will be scheduled for November 26. (Not since 1978, when elections resumed after two decades of military rule, has a candidate won in the first round.) The new president will be sworn in January 15, 2007. One hundred provincial deputies will be elected to Congress. The new Congress will be sworn in on January 5, for four years. Voters will also elect half of the municipal and provincial councilors, and Andean Parliamentarians; but mayors and provincial prefects are not up for election until 2008.

19. (U) There are approximately nine million registered voters in Ecuador. Voting is obligatory for citizens aged 18-65 years, and optional for senior citizens and Ecuadorians living abroad (through Ecuador's consulates). Military, police, and convicted criminals are excluded from voting. Each of Ecuador's 22 provinces is entitled to at least two deputies in Congress, plus an additional deputy for every 200,000 inhabitants. Congressional deputies do not represent individual districts, but their entire province. At least half of the incumbent deputies are expected to seek reelection. To do so, they must step down July 16 and be replaced by their alternates. Leadership positions in the new Congress will be determined based on the 2006 election results.

110. (U) The TSE administers the voting and enforces the campaign rules, including new spending limits. The TSE has requested a \$39.3 million budget for this year's elections. The TSE's seven members are drawn from the political parties represented in Congress according to the votes gained in the last election. The TSE appoints provincial electoral tribunals (TPE) for each of the 22 provinces. Their role is to run the election in each province. In turn, each TPE appoints a Voting Station Committee (JRV). The JRVs organize the voting stations, distribute the voting slips, and forward the uncounted votes and other official paperwork to the TPE.

Other Donor Assistance

111. (U) To prepare for the 2006 elections the TSE and the OAS are signing a new agreement that includes assistance to implement electronic voting; to update the voter registry; to implement the vote abroad; and to update security and software. OAS assistance is likely to address most of the TSE's technical needs for the 2006 elections, allowing us to

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focus on other electoral support issues. Most other donors are waiting for the results of the referendum effort and possible political reforms before deciding how or if to support the 2006 election process.

Embassy Electoral Strategy

112. (U) In October, a year away from elections, we formed a mission-wide Election Working Group chaired by the DCM and staffed by POL and USAID, with participation by PAS, DAO, and AmConsulate Guayaquil. Initial discussion has focused on how the government's reform proposals would affect the 2006 elections, and USG strategy to promote free and fair elections.

13. (SBU) With the government's referendum proposal stuck in Congress, chances have diminished for a national constitutional or constituent assembly that could propose structural reforms (e.g. bicameralism, moving congressional elections to the second round, imposing primaries on political parties, etc.). Congress has pledged to seek its own reforms by consensus, beginning with a reduction in the waiting period of one year between the two required debates of constitutional changes that is currently mandated by the constitution. There have been calls to create a new electoral section of the Supreme Court to judge electoral disputes, but structural change is unlikely to occur before the 2006 elections. IRI is currently conducting political party strengthening in Ecuador as part of a regional project. After the election, we will consider sponsoring training for newly elected officials on tools they will need for effective and responsible performance (legislative drafting, economic analysis of legislation, how to create a responsible effective legislative staff, etc.).

TSE Assistance on the Back Burner

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14. (SBU) Political uncertainties, Nethercutt restrictions, OAS assistance already pledged, and the fact that election administration has generally been adequate lessen the need for USAID to provide direct support to the Supreme Electoral Tribunal (TSE). The OAS's continued support to the TSE, dating back to 1999, has the advantage of offering an "international umbrella" to resolve problems within the institution. Leftover funds in the USAID agreement with the international electoral NGO "CAPEL" (less than \$100K), along with some \$200K of FY 04 funds, could be used to help the TSE provide electoral training, establish a training unit or

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expand public outreach.

Monitor, Don't Invest In, Presidential Elections

15. (SBU) Given the political sensitivities related to USG involvement in elections at the presidential level and the likelihood that political parties will nominate their party heads in a predictably non-democratic fashion, it would be neither politically wise nor programmatically effective to invest significant USAID resources in public presidential debates or other high-profile activities. The Ambassador and other Embassy sections will nevertheless conduct outreach to all major candidates and their teams in the run-up to elections, offering dialogue on bilateral issues. We will also consider encouraging one or both run-off candidates to visit the U.S. at some point, as ex-President Gutierrez did in 2002.

Focus Resources on Promoting Greater Public Awareness

16. (SBU) Improving the performance of Congress is critical to creating an effective legislature in Ecuador and to establishing the checks and balances required to create a truly democratic state in Ecuador. Focusing USG efforts on promoting voter education and public awareness about congressional candidates could help encourage Ecuadorians to elect more effective and responsible representatives. To this end, USAID will support the Ecuadorian NGO "Citizen Participation" in its efforts to promote voter education, congressional candidate debates, campaign expense monitoring, quick counts, and domestic monitoring. Publicizing compliance with campaign finance disclosure rules and promoting citizen scrutiny of these submissions would also promote anti-corruption goals. A similar strategy worked well during the 2004 local elections, but we will closely monitor perceptions adapt our strategy to minimize the chances of USG assistance becoming an issue in congressional races.

17. (SBU) To help instill a culture of electoral participation and family discussion of national issues, PAS plans to support another Ecuadorian NGO that is organizing mock youth elections on general issues prior to the actual election. More broadly, we hope to help promote democratic stability by encouraging voters to know the candidates better, to encourage acceptance of elected representatives (including the president) for the full term for which they have been elected, barring criminal misdeeds. To do so, we will consider promoting issue-debates of interest to the electorate, sponsoring U.S. speakers or issue polling, and possibly supporting the publication of the voting records of the candidates that have already held office, if available. To encourage sound economic policies, we will consider sponsoring forums for candidates to participate in to discuss economic issues/policies.

Promote Participation by Vulnerable Groups

18. (SBU) USAID is already providing small grants to Ecuadorian organizations that have promoted voting and voter awareness by indigenous and Afro-Ecuadorian groups and could provide more as elections approach. In addition, the Department (DRL) has awarded a \$300,000 grant to the international NGO IFES to promote electoral participation by Afro-Ecuadorian groups.

19. (SBU) Twelve percent of the total Ecuadorian population suffers from some type of disability. Although most voting booths are not accessible to the physically disabled, election officials have typically brought the ballots outside the booth to the individual so that they can vote. The blind have typically been allowed to have a relative/companion assist them in voting. The main issue for the disabled is getting to the polls, rather than getting inside. Public transportation is not accessible to the physically disabled and few have access to modified vehicles. The USG can help make the elections more inclusive by working with others to provide transportation to the voting centers.

Mission Election Observation

20. (SBU) Ecuador in general and the TSE in particular have the reputation of being able to hold and administer free and fair elections, but we continue to believe OAS election observation is critical to guarantee electoral legitimacy. Local civic organizations also have proven capacities to monitor and oversee the electoral process, including through quick counts and overseeing campaign spending. Given this existing local capacity, only unforeseen circumstances would justify mobilizing international observers beyond the OAS effort. To the extent feasible, the USG should mount its own election observation efforts, including:

- Reach out to vulnerable groups to ensure the elections are inclusive. Monitor transportation efforts on election day.
- Attend congressional debates throughout the country.
- Participate in workshops where candidate disclosure compliance is discussed
- Observe voting in voting booths and the vote tally under the auspices of the OAS mission.

How would we measure success?

21. (SBU) Our political interests include working with any eventual president, and preventing further irregular changes of president. The next government's credibility will depend on whether it achieves its electoral promises. Its initial democratic legitimacy, however, will depend on the fairness and voter participation rates in the election. In other countries, voter registration and turnout are typically used to measure whether the elections were successful. In the case of Ecuador, however, voting is mandatory, and sanctions are incurred if people do not vote, and certification of voting is need to access a wide range of government services. To measure voter interest, it is more useful to compare the number of blank and invalid ballots with those of past years.